



Border Business Briefs

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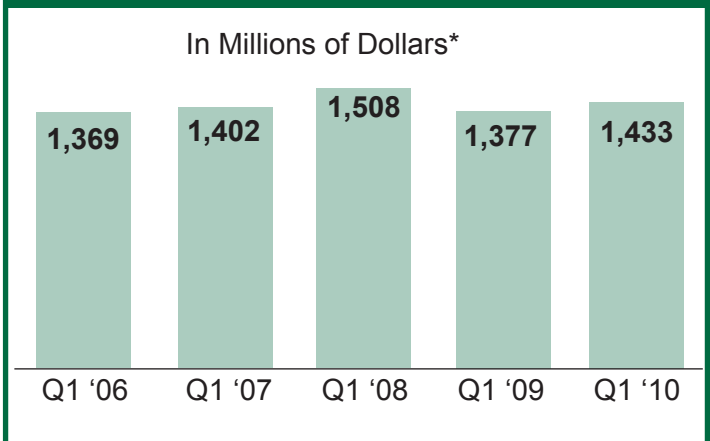
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GROSS SALES

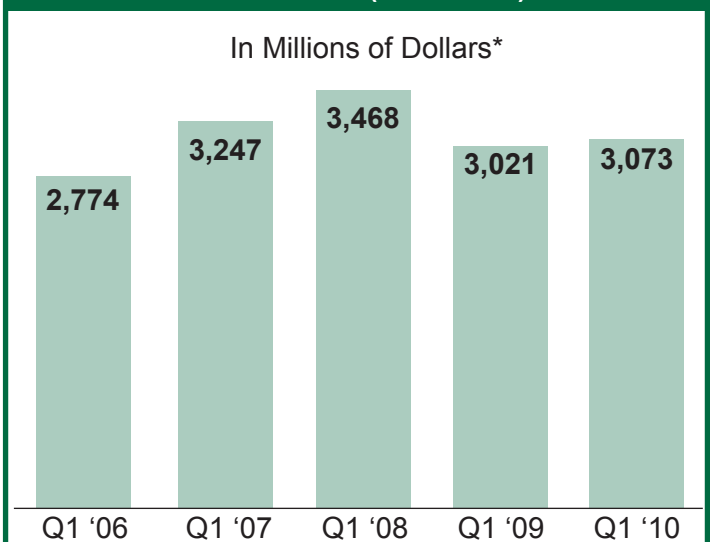
Overall, gross sales have increased between the first quarter of 2006 and the corresponding quarter of 2010. In Cameron County sales rose by 5 percent over that time period, while the corresponding increase amounted to 11 percent in Hidalgo County.

Relative to the first quarter of 2009, Cameron County's gross sales rose by four percent in the first quarter of 2010. Hidalgo County also posted an increase of two

Cameron County Gross Sales First Quarter (2006-2010)



Hidalgo County Gross Sales First Quarter (2006-2010)



*Not adjusted for inflation
Source: Texas Comptroller of Public Accounts

percent over the same time period. Most sectors were affected by the declining economic activity. This decline in Cameron County was fueled by construction, while in Hidalgo County the decline was seen in construction and manufacturing.

Trade continues to dominate the economy of both coun

Gross Sales by County and Industry			
In Millions of Dollars			
Cameron County			
	Q1 '10	Q1 '09	Change
Construction	59	82	-28%
Manufacturing	141	121	17%
Wholesale Trade	129	109	18%
Retail Trade	812	773	5%
Accom./Food Serv.	112	111	2%
Other Services*	138	137	1%
Other**	42	44	-5%
All Industries***	1,433	1,377	4%
Hidalgo County			
	Q1 '10	Q1 '09	Change
Construction	107	190	-44%
Manufacturing	238	279	-15%
Wholesale Trade	304	309	-1%
Retail Trade	1,829	1,681	9%
Accom./Food Serv.	215	205	5%
Other Services*	277	276	1%
Other**	103	81	26%
All Industries***	3,073	3,021	2%

* The "Other Services" category includes the following sectors, each of which accounts for less than two percent of gross sales: Information; Finance and insurance; Real estate; Professional, scientific and technical services; Management of companies and enterprises; Administrative, support, waste, management and remediation services; Educational services; Health care and social assistance; Arts, entertainment and recreation services; among others.

** The "Other" category includes the following sectors, each of which accounts for less than two percent of gross sales: Agriculture; Mining; Utilities; Transportation and warehousing; and Public administration.

*** Totals may not add up due to rounding and disclosure issues.

Source: Texas Comptroller of Public Accounts

ties, with retail and wholesale trade accounting for sixty six and sixty nine percent of gross sales in Cameron and Hidalgo Counties respectively.

Changes in sales tax revenues were mixed across the Valley cities in the second quarter of 2010 relative to the same period in 2009. The cities of Brownsville and McAllen posted marginal increases of one percent, while Harlingen had a decline of six percent in their sales tax revenues.

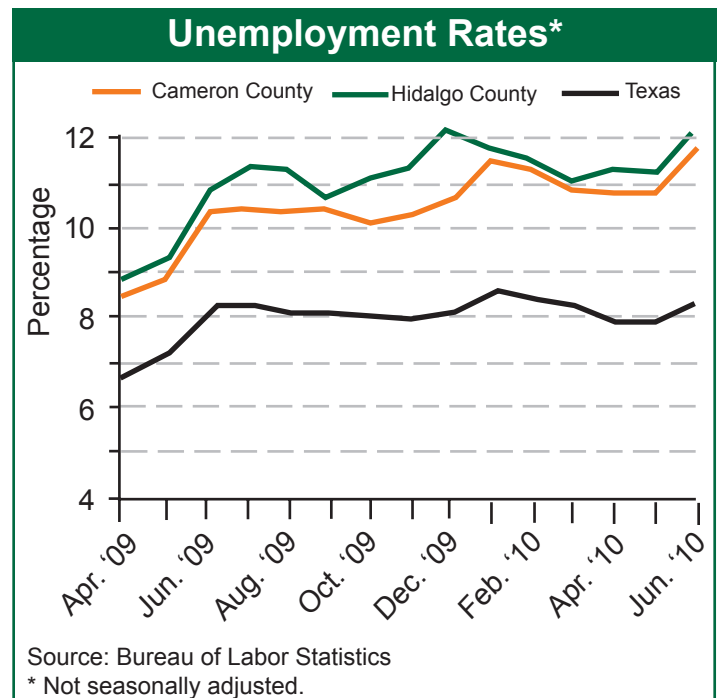
Sales Tax Revenues*			
In Thousands of Dollars			
	Q2 '10	Q2 '09	Change
Brownsville	\$7,810	\$7,736	1.0%
Harlingen	\$4,597	\$4,904	-6.3%
McAllen	\$12,971	\$12,818	1.2%

*Sales tax revenues reflect the total dollars returned to a local sales taxing city by the Comptroller's office for their local sales tax collection. City tax for the three above cities amount to two percent of sales. Allocation amounts generally represent taxes collected on sales made two months or more prior to the allocation payment.

Source: Texas Comptroller of Public Accounts

EMPLOYMENT

In June 2010, total employment stood at 138,385 for Cameron County and at 271,932 for Hidalgo County. This represents a 2.7 and 2.4 percent increase from June 2009 employment figures for Cameron and Hidalgo Counties respectively. Although these results were marginal, they



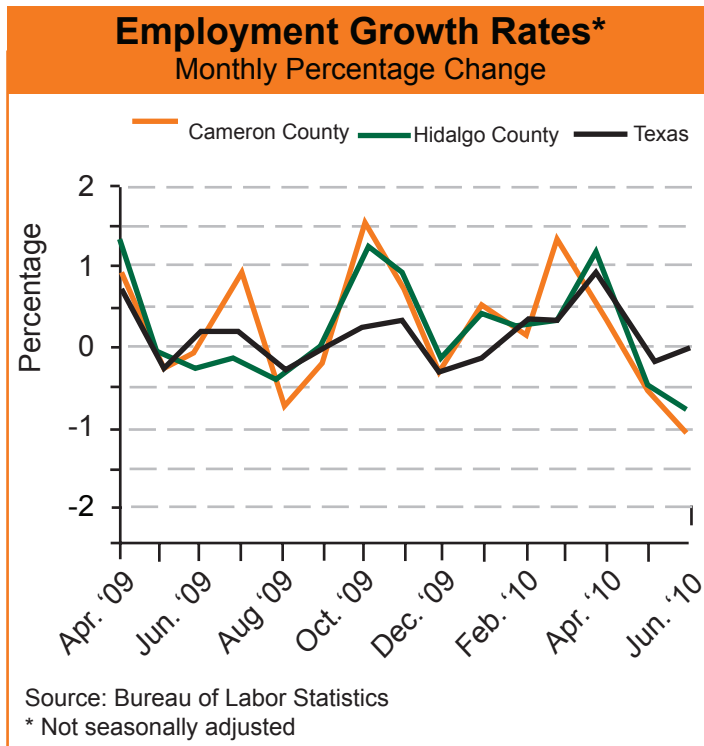
were better than that for the state overall. For the entire state, net job growth was only 1.0 percent.

By the end of the second quarter of 2010, the unemployment rate was 11.8 and 12.1 percent for Cameron and Hidalgo counties, respectively, compared to rates of 10.4 and 11.0 percent in June 2009. Although both counties recorded larger employment growth rates than that for Texas, both counties continue to record higher unemployment levels

than that for the state and the country as a whole. The Texas unemployment rate was 8.4 percent while the average for the country was 9.6 percent in June 2010 compared to 11.8 percent and 12.1 percent for Cameron and Hidalgo Counties respectively.

EDUCATIONAL ATTAINMENT

Despite recent gains in educational attainment, the Rio Grande Valley region continues to lag Texas and the U.S. as a whole. At the end of 2009, 37 percent of the population over 25 years old in Cameron County did not graduate from high school while in Hidalgo County the corresponding proportion is higher at 39.3 percent. These rates are almost twice the rate for the state of Texas and more than three times the national average. The corresponding rate for the U.S. over 25 population is 14.5 percent and for Texas the rate is 20.1 percent. However, despite the large share of adults without high school education, there is a positive



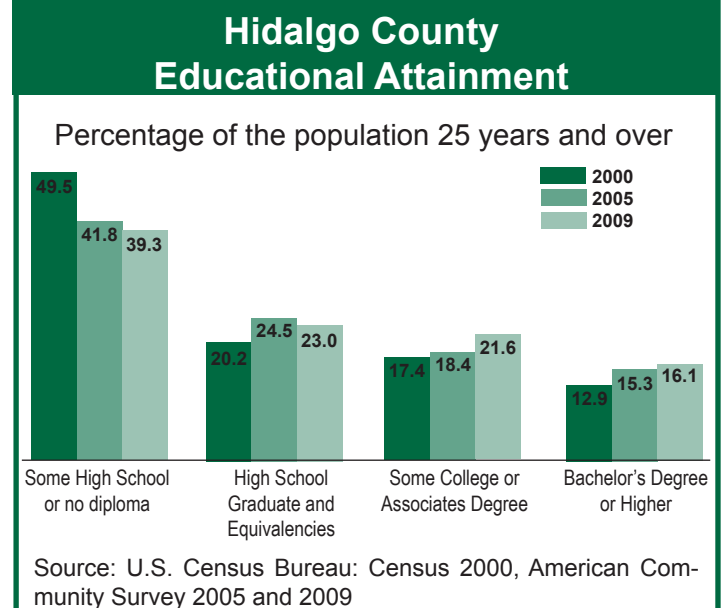
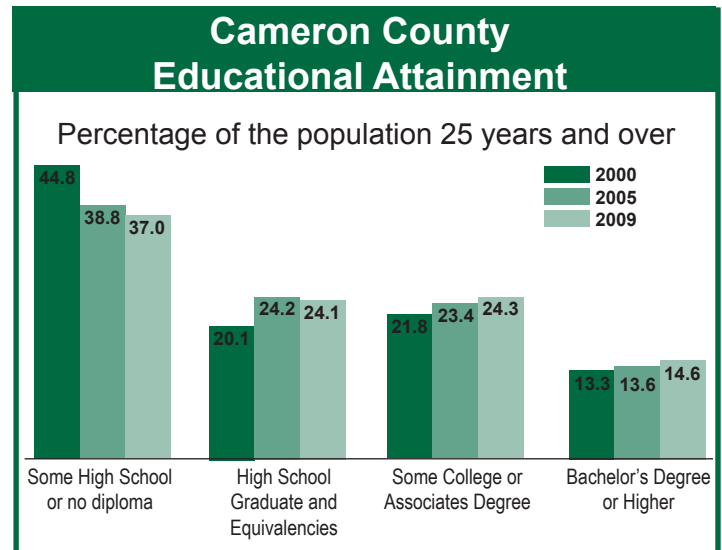
Employment

	Jun. '10	Jun. '09	Change
Cameron County	138,385	134,689	2.7%
Hidalgo County	271,932	265,677	2.4%
Texas	11,145,904	11,033,309	1.0%

Unemployment Rates (%)

	Jun. '10	Jun. '09	Change
Cameron County	11.8	10.4	13.5%
Hidalgo County	12.1	11.0	10.0%
Texas	8.4	8.3	1.2%
U.S.	9.6	9.5	1.1%

Source: Bureau of Labor Statistics



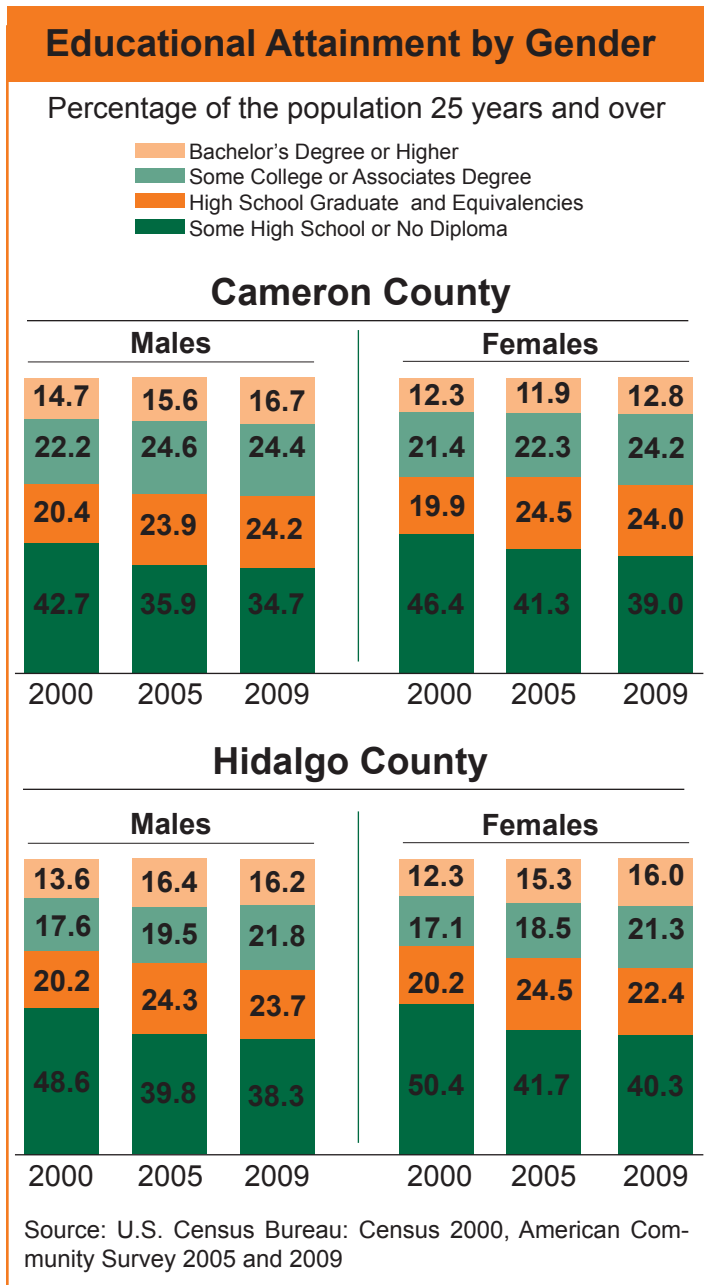
trend as both counties registered significant improvement falling from 44.8 percent and 49.5 percent for Cameron and Hidalgo counties respectively in 2000. There are further positive signs as a portion of the significant improvement in high school graduates is spread across the population of adults reporting some college qualification.

There is also an improvement in the proportion of adults with Bachelor's degree or higher in both counties. Cameron County grew from 13.3 percent in 2000 to 14.6 percent in 2009, while the corresponding rate for Hidalgo County at the end of 2009 is 16.1 percent growing from 12.9 percent in 2000. Both counties also lag national and state averages for high educational attainment. The average for Texas is 19.5 percent while the national average is significantly

higher at 27.9 percent. However, there is a significant positive trend as evidenced by the substantial improvement in educational attainment between 2000 and 2009. Further, both counties are poised to experience higher growth rates as each county has a college campus in the University of Texas system in addition to the rapidly growing South Texas College STC and Texas State Technical College TSTC .

Overall increases in college enrollment is robust as there was an average 25 percent increase in enrollment across the four largest institutions of higher education in both counties between fall 2005 and fall 2010. In addition, several other institutions of higher learning have established campuses within the two county region. These campuses have already begun to have a positive impact in providing opportunities for higher education. However, the area continues to be one with a significantly higher proportion of high school dropouts than college graduates which negatively impacts the area's attractiveness to companies seeking highly skilled workers.

In terms of gender, females lag males in educational attainment in both counties. The specific reason for this outcome is unclear, but several researchers point to cultural factors that may contribute to the data shown in the tables. Approximately 40 percent of females over 25 years of age in Hidalgo County report not having completed high school at the end of 2009. Although this represents a significant improvement over the 50 percent of over 25 females that



Student Enrollment at Institutions of Higher Education in South Texas **

	Fall 2010	Fall 2005	Change
UTB-TSC	12,517	11,304	11%
TSTC	5,901	4,154	42%
UTPA	18,744	17,048	10%
STC	19,524	13,020	50%
Total	56,686	45,526	25%

Source: Institutional Effectiveness Offices at respective institutions
 UTB-TSC: University of Texas-Brownsville and Texas Southmost College
 TSTC: Texas State Technical College
 UTPA: University of Texas-Pan American
 STC: South Texas College
 ** dual enrollment numbers not included

reported not having completed high school in 2000, the rate is much higher than it should be. In Cameron County the rate is marginally better at 39 in 2009 compared to 46.4 percent in 2000. For men, the rates are 38.3 percent and 34.7 percent for Hidalgo and Cameron counties respectively in 2009.

Interestingly, despite the disparity between genders at the low end of academic attainment, the level of academic attainment is similar for males and females in terms of bachelor's degree or higher in Hidalgo County in 2009. However, in Cameron County females continue to lag men at the highest levels of educational attainment.

BUILDING PERMITS

Residential construction activity in the Lower Rio Grande Valley had mixed results in the second quarter of 2010 when compared to the same period in 2009. In Cameron County the number of permits issued increased by 6.7 percent while there was a 0.7 percent decrease in Hidalgo County. The dollar value of authorized housing units decreased by 5.1 percent in Cameron County but increased by 9.0 percent in Hidalgo County in Q2, 2010, compared to the same period in 2009.

The housing affordability index for several MLS areas in the two county area indicates that housing in the area continues to be relatively affordable, especially when viewed against the fact that average income in the area lags both that for Texas and the U.S. as a whole. Home sales reported a robust increase of 12.3 percent in the McAllen MSA, but there was a decline of 8 percent in the Brownsville MSA. There was no change in home sales in the Harlingen MSA.

Housing Affordability (Q2 '10)

MLS Area	HAI*
Brownsville	1.72
Harlingen	1.92
McAllen	1.53
Texas	1.90
USA	1.72

*The Housing Affordability Index is the ratio of median family income to the income required to qualify for an 80 percent, fixed rate mortgage to purchase the median-priced home. The higher the ratio, the more affordable housing is. The MLS Area represents the local Realtors® association's geographical coverage area.

Source: Real Estate Center at Texas A&M University

New Privately Owned Housing Units Authorized by County

County	Number of Units		Change
	Q2 '10	Q2 '09	
Cameron	256	240	6.7%
Hidalgo	817	823	-0.7%
	YTD '10*	YTD '09*	
Cameron	501	457	9.6%
Hidalgo	1,583	1,640	-3.5%

Valuation (in thousands of dollars)

County	Q2 '10	Q2 '09	Change
Cameron	\$24,765	\$26,101	-5.1%
Hidalgo	\$105,176	\$96,515	9.0%
	YTD '10*	YTD '09*	
Cameron	\$48,602	\$43,951	10.6%
Hidalgo	\$205,792	\$164,316	25.2%

Source: U.S. Census Bureau, Construction Statistics

* Year-to-date data include any late reports or corrections from prior months. Summing the published monthly data will not generate the same estimate that is published for year-to-date.

Home Sales

MLS Area	Sales		Change
	Q2 '10	Q2 '09	
Brownsville	208	226	-8.0%
Harlingen	231	231	0.0%
McAllen	586	522	12.3%

Dollar Volume In Thousands of Dollars

MLS Area	Q2 '10	Q2 '09	Change
Brownsville	\$24,556	\$21,925	12.0%
Harlingen	\$26,825	\$23,070	16.3%
McAllen	\$75,432	\$63,100	19.5%

Source: Real Estate Center at Texas A&M University

The next issue of *Border Business Briefs* will feature the Neuhaus Center for Entrepreneurship and Economic Education at the University of Texas-Pan American.

TRANSPORTATION

Airports – Passenger Statistics*

	Q2 '10	Q2 '09	Change
Brownsville	42,934	37,296	15.1%
Harlingen	188,523	185,511	1.6%
McAllen	174,755	189,454	-7.8%
Laredo	56,472	49,122	15.0%
El Paso	815,668	772,949	5.5%

*Passenger statistics includes both enplaned and deplaned values.
Source: Respective Airports

Land Ports of Entry – Border Crossings

Southbound Traffic

	Q2 '10	Q2 '09	Change
Trucks			
Rio Grande Valley*	178,347	158,099	12.8%
El Paso**	94,112	70,302	33.9%
Laredo	408,647	340,469	20.0%
Rail			
Rio Grande Valley*	11,037	10,913	1.1%
El Paso	-	-	
Laredo	63,637	45,972	38.4%
Vehicles			
Rio Grande Valley*	2,294,368	2,554,949	-10.2%
El Paso**	822,335	907,628	-9.4%
Laredo	1,157,723	1,233,918	-6.2%
Pedestrians			
Rio Grande Valley*	1,005,526	1,075,542	-6.5%
El Paso**	1,264,868	1,328,936	-4.8%
Laredo	929,516	983,082	-5.4%

Northbound Traffic

	Q2 '10	Q2 '09	Change
Trucks			
Rio Grande Valley*	183,563	163,425	12.3%
El Paso	178,141	156,250	14.0%
Laredo	402,298	333,708	20.6%
Rail			
Rio Grande Valley*	2,151	1,509	42.5%
El Paso	7,226	13,492	-46.4%
Laredo	44,904	24,204	85.5%
Vehicles			
Rio Grande Valley*	2,449,691	3,009,617	-18.6%
El Paso	2,557,732	2,689,033	-4.9%
Laredo	1,258,439	1,307,336	-3.7%
Pedestrians			
Rio Grande Valley*	1,365,644	1,436,222	-4.9%
El Paso	1,730,890	1,994,726	-13.2%
Laredo	960,117	975,673	-1.6%

*Rio Grande Valley includes land ports of entry in Cameron and Hidalgo counties.

**El Paso has four international bridges. However, southbound data is collected for only two bridges since *Paso del Norte* is strictly northbound and Bridge of the Americas is a toll-free bridge. Thus, no official count for southbound traffic is available for Bridge of the Americas.

Source: U.S. Customs and Border Protection for northbound traffic; bridge operators for southbound traffic

EXPORT/IMPORT ACTIVITY

Overall trade activity through the ports of Cameron and Hidalgo counties increased by 25.8% in the second quarter of 2010 relative to the same quarter in 2009. Exports to Mexico through the two counties' ports rose by 9.7 percent in contrast with the increase through all

Texas ports of 36.3%. Imports from Mexico increased by 40.8 percent through the two counties which mirrors the change at the state level. Overall, the ports of Cameron and Hidalgo counties continue to account for around 16 percent of Texas trade activity with Mexico.

Total U.S. Export Trade Activity Through Cameron and Hidalgo County Ports*

	In Millions of Dollars				
	Q2 '10	% of TX Export Trade Activity	Q2 '09	% of TX Export Trade Activity	Change
Brownsville	1,865	7.2%	1,563	8.2%	19.3%
Hidalgo	2,149	8.2%	2,083	10.9%	3.1%
Progreso	33	0.1%	41	0.2%	-20.2%
Two County Total	4,047	15.5%	3,688	19.3%	9.7%
Texas Total	26,080		19,131		36.3%

Total U.S. Import Trade Activity Through Cameron and Hidalgo County Ports*

	In Millions of Dollars				
	Q2 '10	% of TX Import Trade Activity	Q2 '09	% of TX Import Trade Activity	Change
Brownsville	1,539	4.5%	989	4.1%	55.6%
Hidalgo	3,982	11.5%	2,936	12.3%	35.6%
Progreso	39	0.1%	24	0.1%	64.8%
Two County Total	5,560	16.1%	3,949	16.5%	40.8%
Texas Total	34,495		23,868		44.5%

*Total export (import) trade activity through the Texas-Mexico border has two components: exports to (imports from) Mexico and exports whose final destination (country of origin) is a country other than Mexico (transshipment). The total export (import) trade activity figure, however, can be used interchangeably with exports to (imports from) Mexico, since the latter figure constitutes more than 95 percent of the total.

**Totals may not add up due to rounding.

Source: Texas Centers for Border Economic and Enterprise Development, Texas A&M International University, The University of Texas-Pan American and The University of Texas-EI Paso

Hotels

	Cameron County			Hidalgo County		
	Q2 '10	Q2 '09	Change	Q2 '10	Q2 '09	Change
Revenues (\$000)	\$30,939	\$29,998	3.1%	\$21,107	\$21,176	-0.3%
Room nights available (000)	682.0	699.2	-2.5%	627.8	636.4	-1.3%
Occupancy Rate (%)	50.4	49.0	2.9%	47.6	46.5	2.4%

Source: Texas Tourism



Border Business Briefs

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